BUDGET SPEECH
1966-67

Sri M. Bhaktavatsalam

Chief Minister

26th February 1966

GOVERNMENT OF MADRAS

FINANCE DEPARTMENT

Speech of Sri M. Bhaktavatsalam, Chief Minister, presenting the Budget for 1966–67 *to the Madras Legislature on 26th February* 1966.

Sir,

I rise to present the Budget Estimate for 1966–67. **Introductio**
The Accounts for 1964–65 and the revised estimates for the current year are also before the House. The revised estimates for the current year mark the climax of our efforts on the Third Plan, while the budget estimates for the next year heralding the Fourth Plan reflect in some measure the reordering of priorities which the recent developments in our economy have rendered necessary. The revised estimates confirm the trends already taken note of by this House, of a substantial overfulfilment of the Third Plan in financial terms as well as in physical terms of the initial targets under many heads of development such as Minor Irrigation, Power, General and Technical Education and Roads. The outlay on the Third Plan will now be over 341 crores, representing an increase of more than seventeen per cent over the sum of Rs 291 crores initially programmed. As I have pointed out in this House on more than one occasion, this increase in outlay is not due purely to escalation

in costs. Though the costs of a few major projects such as the Parambikulam-Aliyar Project and Kundah Hydro-electric Project have gone up, due both to rise in prices and changes in specifications, the increase in outlay is due also in a significant measure to the upward revision of the physical targets under such important programmes as sinking of wells, general and technical education and inclusion of new projects in the course of the Plan such as the Kodayar Hydro-electric Scheme and the second stage of the Mettur Tunnel Scheme. We should also remember that this outlay of Rs 341 crores is exclusive of Rs 3·88 crores incurred under what are compendiously called crash programmes relating to agricultural production and allied schemes. As planning is a continuous process, we have also initiated advance action on a few of the important projects of the Fourth Plan such as the Ennore Thermal Plant. The outlay on such advance action programmes aggregating to Rs 1·46 crores, which is financed by the Centre under a special arrangement, is not also included in the figure of Rs 341 crores. Taking these also into account, the outlay on developmental programmes will be about 347 crores, giving an idea of the massive effort which the State has put in during the current Plan period to build up its economy.

2. When we recall that the outlay on the State's Plan during the entire First Plan period was only about Rs 80 crores, a little less than what we propose to achieve in the current year alone, and that the final figure for the Second Plan too was only Rs 186 crores, we will gain a sense of perspective in assessing both the magnitude of the tasks we have fulfilled in the Third Plan period and the considerable strengthening of the resource base of the State. The difficulties

facing our national economy at present have rightly been highlighted. While we should be legitimately concerned about these difficulties, we have, in the light of what has been accomplished, good reason to be hopeful about the future.

3. The sluggish growth in agricultural production, further accentuated by adverse seasonal conditions, and the time lags in securing maximum output from past investments are the two main factors which have held up the progress of the Indian economy at the targetted rate. These constraints on development have to be overcome if the vastly enlarged developmental programmes of the Fourth Plan, with their inevitable pressure on resources, are to be successfully put through. Emphasis has therefore to be laid in next year's Plan on stepping up agricultural production through vigorous implementation of quick-yielding schemes and on expeditious completion of spillover schemes, so that the anticipated benefits may flow as early as possible. The uncertainties in regard to foreign aid, which have not yet been fully got over, have naturally led to some delay in the finalisation of the Fourth Plan at the national level and along with it of the size of the State Plan and the quantum of Central assistance therefor. Though it will thus take a little more time to determine the size and content of the State's Fourth Plan, and in particular of programmes involving new foreign exchange commitments, the next year's Plan will represent a substantial step up on the level of developmental effort attained in the last year of the Third Plan. For purposes of proper comparison, it should be remembered that the expenditure on revenue account as at the end of the Third Five-Year Plan on such schemes as those relating to appointment of new

teachers or establishment of new hospitals, will now figure outside the Plan and will be treated as committed expenditure. Committed expenditure of this nature is computed at about Rs 17 crores and if this is added to the outlay of the next year's Plan at Rs 75·38 crores, it will be obvious that there will be no slackening of the pace of expansion of developmental activities.

4. While schemes calculated to step up agricultural production have understandably claimed the bulk of our attention and resources in next year's Plan, we should not forget that our Plan has social objectives which are no less important than economic objectives. Consistent with our declared aim of establishing democratic socialism, we have laid stress on programmes calculated to ensure equality of opportunity to every citizen. This, in turn, calls for provision of facilities for education, medical relief and social security for a progressively widening segment of the population. Even in the present context, in which our resources have to be deployed mostly on augmentation of production, agricultural and industrial, we have therefore taken care to see that the pace of expansion of social services such as education and medical relief is not in any way hampered.

Price Situation.

5. While thus seeking to keep up the tempo of development in all sectors, we have not overlooked the need also to contain the pressure on prices of basic commodities through direct measures of controlled distribution. The programme of procurement of foodgrains which we have managed to put through successfully with minimum hardship to the producer, has helped to an extent in abating inflationary pressures and thus providing some relief to the urban classes in general, and fixed income groups in particular. The large provision made in the Revised

Estimates for 1965–66 as well as in the budget estimates for the next year for procurement of foodgrains on Government account reflect our determination to maintain a smooth flow of essential supplies at fair prices to vulnerable sections of our people. Government are also anxious that the utmost discipline should be enforced in Governmental spending and that the Government's own finances should be so managed as not to add to inflationary pressures. It is this anxiety which has led us to budget for a small surplus on revenue account and also formulate some measures of economy which will further enlarge the surplus. The key note of the next year's budget will thus be progress coupled with economy.

Agriculture Production.

6. Progress should be aimed at first and foremost in the agricultural sector. It is the achievement in this sector next year, which will be of crucial significance in setting the tone for the Fourth Plan. It is through stepping up agricultural production that we can hope to bring about an improvement in the standards of consumption of the common people and also hold the prices in check. The Fourth Plan, with its vast foreign exchange commitment, will depend for its success on vigorous promotion of exports. This again will depend upon the extent to which we are able to keep prices and costs down and thus make our industries competitive. Next year's Plan therefore seeks to provide resources and inputs sufficient to ensure an additional production potential of at least four and a half lakh tonnes of foodgrains. During the current Plan period, judged in terms of the physical programmes already completed, we have created an additional production potential of 13·30 lakhs tonnes, as against a target of 16·50 lakhs of tonnes. The shortfall has occurred

mostly under chemical fertilisers, where against the Plan target of 5·80 lakhs of tonnes in terms of Ammonium Sulphate, the availability in the current year will only be about 3·20 lakhs tonnes in terms of Ammonium Sulphate. Shortage of fertilisers has been with us, practically right through the Third Plan and should be held largely responsible, apart from the vagaries of the season, for the shortfall in agricultural target. The seasonal factor still plays a very important part in determining the levels of agricultural production. A study of the figures of agricultural production over the last few years has shown that the difference between a good season and bad one, could, for a State like Madras, be of the order of ten lakhs tonnes. As the House is aware, seasonal conditions have been particularly adverse in the current year, though the appreciable rainfall in November and December has improved the crop prospects. Through judicious utilisation of limited storages in our reservoirs, we have managed to save the principal crops in important irrigation tracts. But in the process we had to deny water for ayacut under some projects such as the Lower Bhavani. The yields in some areas, particularly of the Taladi crop in the Cauvery Delta, have also been affected due to late sowing and lack of water. All these factors, peculiar to the current year, will naturally depress the actual production below the potential created in terms of programmes and inputs. But in framing our programmes for provision of facilities and inputs next year, we have naturally to allow for the distortions caused by the seasonal factor and seek to build on the basis of the potential created in the current Plan period.

Navarai Campaign.

7. The comparatively good rainfall in December has filled up tanks and wells in areas where a crop is raised between January and May. It is programmed

to intensify production in this Navarai season through a special Navarai campaign for the supply of seeds, fertilisers and plant protection chemicals on a priority basis. It is hoped that through these measures the average yield of the Navarai crop covering an extent of two and a half lakh acres can be stepped up, thus making good to an extent, the shortfall in other areas. Our main strategy in the next year's Plan will be (i) intensive propagation of high-yielding strains of paddy and millets in select areas having assured facilities for irrigation ; (ii) further increase in consumption of both nitrogenous and phosphatic fertilisers in judicious combination ; and (iii) vigorous implementation of programmes for lift irrigation through both excavation of new wells and extension of power to existing wells.

State Seed Farms.

8. Our target in regard to setting up of State seed farms in the current Plan period will be achieved. Master plans for the comprehensive development of the seed farms have been prepared and have been taken up for implementation according to a phased programme. Though the working of these farms cannot be adjudged purely in terms of profit and loss, it should be a matter for gratification that in 1964–65, 52 farms have shown a profit and only 22 had incurred loss, the overall profit being Rs 1·14 lakhs. With the implementation of master plans for development, the inherent handicaps in the successful working of these farms such as lack of irrigation facilities and poor fertility of soil are proposed to be overcome, thus rendering these farms financially more viable. The most heartening development in our seed mutliplication programme has been the cultivation in over five thousand acres, in the last kuruvai season in the Thanjavur Delta, of the high-yielding hybrid

Japanica-Indica paddy strain ADT-27. Over these five thousand acres, this strain has given an average yield of 3,840 lb. of paddy per acre, as against the normal kuruvai yield of 2,400 lb. of paddy per acre. About 5,000 tonnes of seed of this variety have been procured this year to cover two lakhs of acres in the next kuruvai season in Thanjavur, besides nearly sixty thousand acres in other districts. It is estimated that the average yield, with normal seasonal conditions, will be not less than 3,500 lb. of paddy per acre and that this will contribute to a considerable increase in rice production. Two other hybrid paddy cultures now under field trial, culture 2701 in Thanjavur district and culture 2410 in Chingleput and North Arcot districts are also expected to give good results. It is also proposed to organise trials in the Navarai season with Taichung Native 1, a variety of paddy claimed to be capable of yielding over three tonnes of paddy per acre. If the results of these trials, which will be known by July 1966, bear out this claim, a sizable area will be brought under cultivation of this variety in 1966–67 itself. Trials are also being undertaken with two other similar exotic varieties Taichung 65 and Tainan 3 to assess their suitability for large-scale cultivation in this State.

Millets.

9. Millets too are important in balancing our food budget. Improvement in millet yields therefore continues to claim the attention of our agricultural specialists. A new high fertiliser responsive and high yielding hybrid cholam, Co-ordinated Sorgum Hybrid-1 released this year has given very high yields of up to 5,200 lb. per acre under irrigated conditions, representing an increase of sixty per cent over the yield of the best of our cholam strains. Two varieties of Cumbu X-3, a hybrid developed in this State and

HB-1, a hybrid developed in the Punjab have both given very promising results. HB-1 especially has given yields of up to 4,800 lb. per acre. CSH-1 will be cultivated in 4,500 acres and X-3 and HB-1 in 10,000 acres this summer. Steps are also being taken to produce seed of these hybrid varieties for a much larger coverage next year.

Fertilisers.

10. The full potential of these improved strains can be realised only with an assured supply of chemical fertilisers. The loan assistance secured recently from the United States specifically for the import of fertilisers and the commitment given by Government of India to allocate larger foreign exchange from their own resources for such imports should help to step up the availability of fertilisers significantly in the next season. The State Government, on their part, will keep under constant review the arrangements for distribution of available supplies. Government are aware that chemical fertilisers give the best results in judicious combination with organic manures. Our programmes for propagation of green manures and development of local manurial resources will therefore be implemented with unabated vigour. With a view to step up production of green manure seeds, a proposal to increase the premium payable to seed farm ryots from Rs 5 to Rs 10 per quintal is under consideration. Sixty more panchayats will be selected in 1966–67 for grant of loans for sinking of wells and installation of pumpsets for raising green manure crops. The provision for schemes for development of local manurial resources like urban compost is being stepped up to nearly Rs 35 lakhs in the Budget Estimate for 1966–67.

Minor Irrigation.

11. The House is aware that the tempo of execution of minor irrigation programmes, including the programme for sinking of wells, has been considerably

accelerated in the current year. Against an original budget estimate of Rs 405 lakhs for various minor irrigation programmes, the Revised Estimate for 1965–66 visualise an expenditure of Rs 730 lakhs, towards which Government of India have also sanctioned additional assistance of Rs 2 crores. With a provision of about Rs 862 lakhs in next year's budget estimates, inclusive of the loan provision of nearly Rs 1 crore under Community Development, it will be possible to maintain the tempo of execution of these quick-yielding schemes. The significant provisions made for different minor irrigation programmes in budget estimates for next year are as under :—

	(RS IN LAKHS.)
Special Minor Irrigation Programme ..	3,07
Desilting-*cum*-reclamation Scheme ..	26
New Well Subsidy Scheme	3,02
Scheme for the supply of oil engines and electric motor pumpsets.	1,00
Bore wells and tube wells	60
Boring of wells and deepening wells with rock blasting units.	31
Filter Point Schemes	36

We are laying emphasis on sinking of wells in areas commanded by major irrigation systems so that more than one irrigated crop may be successfully raised. Our programme for rural electrification too has an important contribution to make at the present juncture. The results we have achieved on this programme, are largely responsible for the present national awareness of the fact that rural electrification is not a mere programme for provision of amenities for the people of

the villages but a production-oriented programme of the highest priority. The House should be glad to note that targets under this programme will be very substantially exceeded. As against a target of 8,000 villages, it is now anticipated that the number of villages and hamlets electrified will be over 10,000. 1·35 lakhs of pumpsets will be connected to power, thus bringing the total number of pumpsets energised to 2·53 lakhs as at the end of the Plan. We are providing Rs 6 crores in the budget for next year for rural electrification to supply power to over 25,000 pumpsets which should permit extension of irrigation over an extent of at least one lakh of acres. Apart from its direct contribution to agricultural production, rural electrification is an important instrument of social change, broadening the outlook of the farmer and rendering him generally more responsive to new ideas and new techniques.

Medium Irrigation.

12. Though we have reached the limits of utilisation of our water resources, we are executing with the utmost expedition the few medium irrigation schemes for which there is still scope in our State. We are negotiating with Kerala how best the waters of the Nirar and Thekkadi rivers forming parts of the Parambikulam-Aliyar Project could be utilised, and pending agreement on this important point, the provision for Parambikulam-Aliyar Project for next year has been fixed only at Rs 275 lakhs. We hope that a solution to the best advantage of both the States could be reached soon and that it would be possible to absorb a larger outlay on this project in the course of next year. With the allotment of Rs 233 lakhs for the Chittarpattanamkal Project in next year's Plan, the work on this project should gather considerable momentum. We have also made a provision of Rs 40 lakhs

for making a start on four new schemes—Ramanadhi and Ghatana Reservoir Schemes in Tirunelveli district, Manimukthanadhi in South Arcot district and the scheme for modernisation of Vaigai channels, as soon as they obtain the technical clearance of the Planning Commission. The estimated cost of these four new schemes as now recast are as under :—

	(Rs in lakhs.)
Ramanadhi	87
Ghatana Reservoir	1,58
Manimukthanadi	91
Modernisation of Vaigai channels.	3,95

We have impressed on the Planning Commission that though the cost of these schemes in terms of area benefited may be on the high side, the standards in this regard have to be relaxed in their application to this State, which has no major water courses left to tap. We have also laid stress on the contribution which these schemes can make to development of economically backward tracts.

13. While pressing ahead with programmes for extension of facilities for flow and lift irrigation, we should not overlook the need to raise the water table and conserve moisture through appropriate soil conservation programmes in dry areas. The area covered by these conservation measures will be increased from 90,000 acres in 1965–66 to about 1·32 lakhs of acres in 1966–67, and a provision of Rs 113 lakhs has been made for this important programme in 1966–67 against an expenditure on the average of Rs 55 lakhs in the Third Plan.

14. The programme of distribution of tractors on hire-purchase terms will also be further enlarged with provision of funds for procurement and distribution of 250 units in 1966–67, as against only 100 units in the current year. It is also proposed to make a start with distribution of power tillers and the modest provision in this regard in the budget estimates could be increased in due course with reference to popular response. The scheme for subsidised distribution of agricultural implements now being implemented through Panchayat Unions will also be continued.

Participation of Panchayat Unions.

15. Agricultural programmes will call for considerable planning in depth at district, block and village levels. In drawing up such plans and following up their implementation, the Panchayat Unions have an important part to play. Apart from schemes formulated at State level and entrusted to them for implementation, there are many small schemes which can be successfully framed by them with reference to local needs. A sum of Rs 2 lakhs each will be made available as grants-in-aid to Panchayat Unions over the Fourth Plan period for such local schemes having a bearing on agricultural production. We have invited the Panchayat Unions to frame the plans with the help of the technical departments concerned. Considerable local knowledge and initiative will be necessary in making these plans purposeful. I would request the Honourable Members who are all ex-officio Members in the Panchayat Union Councils to take active interest in formulating these plans and in following up their execution later. In such vital programmes as distribution of improved seeds and development of local manurial resources, the interest evinced by Panchayat Unions may make all the difference between success and failure. The Panchayat Unions will also continue

to be associated effectively with the formulation and execution of programmes relating to provision of amenities in rural areas. The allotments available under community development as well as under other relevant heads of development will be pooled together and placed at the disposal of the Panchayat Unions for utilisation according to a co-ordinated area plan. In this manner, a provision of Rs 120 lakhs for rural water-supply programmes, of Rs 80 lakhs for construction of link roads and of Rs 69 lakhs for construction of buildings for elementary schools have been made in the Budget Estimates for 1966–67. Besides, a sum of Rs 80 lakhs has been earmarked for the rural manpower programme which is designed to utilise under-employed and unemployed labour in rural areas for creation of durable community assets. I have no doubt that the Panchayat Unions will implement all these programmes with vigour and thus bring out about a significant reduction in existing disparities in standards of common amenities between rural and urban areas.

Co-operatives.

16. Another democratic agency at the village level which has a crucial part to play in fulfilling the agricultural programmes is of course the co-operative society. In particular, their role will be dominant in the distribution of fertilisers and in provision of credit. By the end of the current Plan period, the membership of co-operative societies will be of the order of 42 lakhs. With this wide coverage, our efforts will now be concentrated on improving the working of the societies at the primary level. In 1966–67, about 500 potentially viable village co-operative societies will be taken up for intensive development and given assistance

for employing full-time paid secretaries. Credit, short and medium term, disbursed through co-operative societies will also be stepped up from about Rs 47 crores in 1965–66 to Rs 52 crores in 1966–67. The Honourable Members are aware that the concessional credit provided by the Reserve Bank of India, in recent years, has been of great help to the co-operative societies in expanding their fruitful activities. Though co-operatives in our State have also registered a measure of success in mobilising their own resources in the form of share capital, thrift fund and deposits from members and non-members, with the larger demands likely to be made on their resources under the intensive agricultural programmes, it is necessary that co-operatives should redouble their efforts to mobilise the savings of farmers in rural areas. It is felt that the District Co-operative Central Banks could tap deposits in rural areas more vigorously, if they open more branches. We have therefore included in the next year's Plan a scheme for assisting District Co-operative Central Banks to open 20 braches. The main problem facing the Indian economy is one of matching savings with investment and co-operative banks have no mean part to play in garnering rural savings for purposes of productive investment. The contribution which consumer co-operatives can make in holding the price line is well recognized in our Plan. The Government of India have indicated that they would be making available a provision of nearly Rs 45 lakhs for development of consumers' co-operative societies in urban areas next year and this assistance will be made full use of. An assistance of the order of Rs 6 lakhs is also expected from the Government of India for modernisation of rice mills in the co-operative sector. This programme can be of great help in improving the recovery of rice from paddy.

Animal Husbandry Schemes.

17. The emphasis in next year's Plan on programmes connected with agricultural production extends also to the two allied sectors of Animal Husbandry and Fisheries. The outlay on Animal Husbandry programmes in next year's Plan is about Rs 105 lakhs as against an average of only Rs 68 lakhs per annum in the Third Plan period, thus affording some evidence of the high priority attached to the programme in the Fourth Plan period. The Key Village Scheme aiming at all-round development of cattle, through promotion of scientific methods of breeding, management and disease control will continue to be the lynch-pin of our programmes in this sector. Twelve new key village blocks will be opened next year and production of pedigree breeding bulls in key village areas will be further supplemented with the establishment of an additional Government livestock farm in 1966–67. Provision has also been made for the opening of 25 veterinary dispensaries in pursuance of our policy of wide dispersal of facilities for veterinary aid in rural areas. The development of poultry will also receive special attention in next year's Plan. Eight new poultry extension centres will be established in 1966–67 and a provision of Rs 34 lakhs has been made for different programmes of poultry development. We also propose to set up 12 sheep and wool extension centres next year and with a provision of Rs 6 lakhs in 1966–67, it should be possible for us to make a significant impact on the rearing of quality sheep. The present tempo in the execution of dairying and milk supply programmes will also be maintained with an allocation of Rs 77 lakhs in next year's Plan, of which a sum of Rs 30 lakhs has been earmarked for sanction of loans to members of co-operative societies for purchase of milch animals.

18. In framing next year's Plan, we have kept in view also the possibilities of supplementing our food resources through a more intensive development of fisheries. The programmes of development in this sector will be considerably accelerated with the allocation of Rs 105 lakhs in 1966–67, as against an annual average of only about Rs 51 lakhs in the current Plan period. The programme for construction and supply of mechanised boats will, in particular, be considerably stepped up. The target in this regard for next year is being set at 150 boats. The provision for supply of fishing requisities such as nylon nets and cotton yarn will also be correspondingly increased. There is also need to improve landing facilities simultaneously and a provision of Rs 10 lakhs has been made for this purpose. Government of India have also informed us that the Madras Port Trust will provide in their programmes of expansion for facilities for landing of fish in the Madras Harbour and that therefore a separate fishing harbour at Royapuram might not be necessary. Along with the development of inland, marine and estuary fisheries, it will also be necessary to implement in a bigger way supporting programmes for preservation, transport and marketing of fish. Provision has been made in the budget estimates for next year for the establishment of one freezing unit at Tuticorin. **Fisheries.**

19. While the development of agriculture and allied sectors will thus be the main concern of next year's Plan, we should not lose sight of the fact that in a State such as ours, with its high density of population, it is also necessary in the interests of long-term growth to develop both large-scale and small industries, if we are to make a significant impact on the standards of living of our people. The industrial base of the State has been considerably strengthened in the last **Industrial Development.**

two Plan periods as will be evident from a study of some of the important indicators of industrial growth. Consumption of power for industrial purposes which was of the order of only 320 million units in 1950–51 had risen to 1,600 million units, representing a five-fold increase by 1964–65. The progress we have made in the industrial field is a matter for gratification, particularly because Madras is deficient in natural resources and has to draw its basic raw materials and fuel from other States, involving long leads. This serious drawback has however been neutralised by certain other favourable factors such as availability of trained manpower, constructive labour leadership, good transport facilities, well developed power grid and a progressive entrepreneurial class. The private sector has made a significant contribution to the development of industries in the State under a policy of active encouragement pursued by the State. The Government through the Madras Industrial Investment Corporation have pursued an active policy of extending assistance to private entrepreneurs in the form of long-term loans, participation in share capital and guarantee of deferred payments for machinery. The assistance provided by the Madras Industrial Investment Corporation by way of underwriting of shares has been of special significance at a time when the capital market has been none too good. The Government have provided a sum of Rs 25 lakhs in the budget for 1966–67 for contribution to the share capital of the Madras Industrial Investment Corporation and this, together with matching contribution from the Industrial Development Bank, will enable the Madras Industrial Investment Corporation to secure additional refinance facilities from the Industrial Development Bank and thus play a more active role in the industrial development of the State.

20. The State Government also intend participating more directly in the establishment of industrial units in the Fourth Plan period. To this end, they have set up the Madras State Industrial Development Corporation, which, to start with, has already taken up the establishment of a continuous casting plant at Arkonam and of a cement plant of 1,200 tonnes capacity near Rajapalayam. An agreement has been signed with Messrs. Stanko Import of Russia for submission of a technical project report and the capital equipment needed for the Continuous Casting Plant will be secured on easy terms of repayment. As regards the Cement Plant, the investigation work in respect of limestone deposits has been completed and land acquisition is expected to be completed shortly. Tenders for supply of plant and equipment have been settled. A provision of Rs 1,40 lakhs has been made in the Budget Estimates for 1966–67 for sanctioning of financial assistance to the Madras Industrial Development Corporation towards meeting the anticipated expenditure on these two projects in 1966–67. Among the significant achievements in the industrial sector in the current Plan period, special mention should be made of the successful completion of nine co-operative spinning mills, with installed capacity of over 1 lakh spindles, involving a capital outlay of Rs 6·5 crores within a remarkably short period of 18 months. Thus the co-operative spinning mills in the State will produce annually 66,000 bales of cotton yarn worth about Rs 9 crores and will provide the essential raw material for 2 lakhs of handlooms in the co-operative sector. A provision of Rs 20 lakhs has been made towards contribution to the share capital of the co-operative spinning mills. The four co-operative sugar mills at Ambur, Amaravathi, Padalam and Mohanur are working to their full capacity and are formulating

State Government Projects.

programmes for expansion. Two more mills, one at Alanganallur and other at Kallakurichi, are at an advanced stage of erection. The next year's Plan embodies a provision of Rs 35 lakhs for contribution to the share capital of new sugar mills and for expansion of existing mills.

Central Government Projects.

21. The bigger industrial projects sponsored by the Central Government in this State are also making satisfactory progress. The capital investment in Neyveli Lignite Project, the biggest such project in this State, amounted to about Rs 140 crores as on 31st December 1965. Nearly 5 million tonnes of lignite have been mined so far and used mostly for generation of power. The sixth unit of the second stage of Neyveli Thermal Power station was comissioned in August 1965 raising the installed capacity to 300 mW. The equipment for the seventh unit is being received and is under erection. The first boiler for the seventh unit is expected to be commissioned by April 1966 and the entire seventh unit of 100 mW capacity by August 1966. The briquetting and carbonisation scheme also went into production in August 1965 and nearly 14,000 tonnes of carbonised briquettes have so far been produced. All the erection work in respect of the fertiliser plant has also been completed and the plant after getting over its teething trouble is likely to go into production by about the end of March 1966. The support given by Neyveli to our power grid in the current year has been of great value and has further underlined the need for further expansion of the thermal station.

22. The construction phase of the High Pressure Boiler Plant at Tiruchirappalli is almost nearing completion. Work has also commenced on

manufacture of jigs and fixtures and the components for high pressure boilers Programmes for expansion of the factory from the present projected boiler capacity of 720 mW to 2,000 mW during the Fourth Plan period are being formulated. The Hindusthan Teleprinters Limited has also gone into production and has taken steps for expansion of capacity. The Surgical Instruments Project being set up with Russian collaboration and designed to produce 2·5 million pieces of surgical instruments has commenced production in September 1965. The work on Hindusthan Photo Films factory at Ootacamund has made further progress and the plant is expected to go into production by June 1966. The Heavy Vehicles Factory, Avadi, being set up by the Ministry of Defence has turned out its first "Vijayanta" tank in December as scheduled.

23. One of the major industrial projects programmed for this State in the Fourth Plan period is the establishment of a Petroleum Refinery at Manali near Madras in collaboration with the American International Oil Company and the National Iranian Oil Company. The refinery will handle 2·5 million tonnes of crude with provision for further expansion to 3·5 million tonnes. The agreement for the establishment of this refinery has been signed recently and the refinery is expected to go on stream by the beginnnig of 1968. This will be followed by a fertiliser plant, the biggest of its kind in the country, with a capacity of 200,000 tonnes in terms of nitrogen per year. Honourable Members are aware that the technial and economic feasibility of the Neyveli-Salem Steel Plant has already been established in the detailed project report prepared

by Messrs Dastur and Company. A Survey Team of engineers sent out by the Japanese Consulting Institute in August 1965 has made an on-the-spot study of the several aspects connected with the Neyveli-Salem Steel Project. They have made a detailed appraisal of raw materials and other facilities required for the project. Our Minister for Industries, who has recently been to Japan to explore the possibilities of securing Japanese assistance for some of the industrial schemes proposed for implementation in the Fourth Plan in our State, has also had discussions with the Japanese specialists on the outstanding issues relating to the Neyveli-Salem Steel Plant also. The Japanese Consulting Institute Survey Team's report is expected to be finalised shortly and it is hoped that the project would be taken up soon thereafter.

24. Notwithstanding the difficulties caused by shortage of power, scarcity of raw materials, dearth of foreign exchange and tight conditions in the money market, industrial units in the State can look forward to further development in the Fourth Plan period, once the present impediments in flow of foreign aid are overcome. Considerable production potential has been built up in the last decade and it is now up to our industrialists, scientists and technologists to explore possibilities of import substitution and thus make our economy increasingly self-reliant.

Small-Scale Industries.

25. The growth of small-scale industries has also been quite encouraging in the current Plan period. The setting up of industrial estates has acted as a catalyst in promoting many small-scale industrial units in the private sector. Of the 13 new industrial estates sanctioned during the current Plan period, the industrial estate at Ambattur, with 70 units, is

the biggest and the first phase of this estate has already been completed. The other industrial estates, except the one programmed at Kumbakonam, have all made a start and further construction is in progress according to a phased programme. Against the initial allocation of only Rs 3,20 lakhs for this programme in the current Plan period, a sum of Rs 5,01 lakhs will have been utilised by the end of the current Plan period.

26. The small-scale industrial units sponsored by the State Government have also made satisfactory progress. As at the end of the Third Plan period, there will be 63 such units and the production of these units in 1965–66 is estimated at Rs 4,00 lakhs, yielding a profit of Rs 28·5 lakhs. With the setting up of the Small-scale Industries Corporation for the management of these units, we may expect them to function on commercial lines and give us a reasonable return on the investment made. The programme for expansion of industrial estates will be further continued in the next year of the Plan. New estates are proposed to be set up at Hosur and three other divisional headquarters. In view of the encouraging results secured in the establishment of functional industrial estates, it is also proposed to promote an industrial estate for the electrical goods industries at Madras in the next year's Plan. Many small-scale industrial units are now working far below the rated capacity due to shortage of raw materials, and the situation may improve significantly only when foreign assistance is secured for maintenance imports also. Non-ferrous metals are in particular in short supply and high priority is therefore being accorded in our Plan for development of indigenous sources of supply. In this context, we attach great importance to the development of multi-metal project

in Mamandur, South Arcot district, utilising the proved reserves of 1 million tonnes of ore. This programme entailing an investment of Rs 1 crore will be taken up in stages and a provision of Rs 5 lakhs has been made in the next year's Plan for preliminary work. We also propose to intensify the exploration of other economic minerals in the State and to this end, the State Geological Department will be suitably strengthened with personnel and equipment.' A provision of Rs 10 lakhs has been made for the expansion of the activities of the Geological Department in 1966–67.

Electricity.

27. The pace of execution of programmes for generation and transmission of power has been well maintained in the current year, and the Plan provision in this regard of well over Rs 25 crores will be fully utilised. The second unit of 60 mW at Kundah plant III, the first of 50 mW of Mettur Tunnel scheme and the fourth unit of 35 mW at Periyar have already been commissioned. Three more units of 50 mW each are now ready at Mettur but these could be harnessed only when the next irrigation season commences with improvement at Mettur. Kundah Power Station IV, with a unit of 50 mW, has just gone on stream. The Sarkarpathy Power Station will also be ready for commissioning before the next irrigation season commences in July. The installed capacity of the Madras grid, exclusive of Neyveli, will be 1070 mWs which will exceed the initial Third Plan target of 1040 mWs. The prolonged power cut in the current year due to unprecedentedly low storage in hydel reservoirs has once again highlighted the serious imbalance between the hydel and thermal power in our grid and the need to initiate remedial action. We have already initiated action on the

setting up of a thermal station at Ennore, with a capacity of 340 mWs. Technical discussions with Czeckoslovakian collabarators have been completed and orders for the plant will be placed shortly. The work will gather considerable momentum in the next year, with the provision of Rs 3 crores as part of the Plan. Work on the installation of an additional capacity of 30 mW in the Basin Bridge Thermal Station is continuing and next year's Plan incorporates a provision of Rs 79 lakhs in this regard. Adequate provision has also been made for Anamalai Hydro-Electric Scheme and Third stage of the Kundah Hydro-Electric Scheme. The progress of Kodayar Hydro-Electric Scheme will also pick up momentum with a provision of Rs 3·5 crores in next year's Plan. On the whole, inclusive of rural electrification, an outlay of Rs 23·70 crores has been proposed for power programmes, towards which the State Government will sanction loan assistance to the State Electricity Board to the extent of Rs 13·3 crores, the balance being met by the State Electricity Board from its own resources and from market borrowings. In the present context of acute shortage of foreign exchange, the Planning Commission has not agreed to any new schemes being included in next year's Plan, for which firm foreign exchange commitments have not already been made. We should however keep new schemes ready so that they could be pressed for sanction as soon as the prospects of foreign aid improve. The project report on Tuticorin Thermal Plan is already with Government of India and we hope that they will soon accord their technical approval. We have reached an agreement with Kerala Government for the execution of Pandiyar-Punnapuzha Scheme with an installed capacity of 100 mWs and this scheme is also now awaiting the sanction of

Government of India. Installation of additional units of a capacity of 110 mWs at the existing Kundah Power Stations III and IV is also one of the schemes proposed for the Fourth Plan. Even when all these schemes are put through, supply of power will fall short of demand. We, therefore, attach great importance to the expeditious execution of the Kalpakkam Project which owes a good deal to the foresight of the late Dr. Bhabha.

Technical Education.

28. One of the major determinants of the pace of industrial expansion will be the availability of trained manpower and we have therefore devoted adequate attention for programmes of technical education. There are at present 12 engineering colleges including the Indian Institute of Technology and 35 polytechnics including the Institute of Catering Technology. The intake in the colleges has increased from 1,157 at the end of the Second Plan to 2,167 in the Third Plan period. Likewise, the intake in polytechnics have increased from 2,910 to 4,792 during the Third Plan period. Fourteen Junior Technical schools have also been opened to provide education with an engineering content to students at the high school stage. With a provision of Rs 1,63 lakhs, the tempo of progress of technical education programmes will be well maintained next year, though the emphasis will be on expansion and improvement of existing institutions. Among the programmes visualised for next year, the development of the newly started Government Engineering College at Salem into a full-fledged institution will receive special attention as evidenced by the provision of Rs 30 lakhs for this purpose in the Budget Estimate for next year. Among the polytechnics the construction of permanent buildings for the Government

Polytechnic at Tuticorin has been assigned priority with the earmarking of a provision of Rs 3 lakhs. A provision of Rs 6 lakhs has been made for the construction of buildings for the Government Polytechnics for Women at Madras, Madurai and Coimbatore. While the construction of buildings for the Polytechnic for Women at Madras has commenced, the work in other two places will be taken up as soon as land becomes available. Government have recognized the need for a measure of diversification in technical education programmes with a view to meet the varying needs of a modern economy. A separate Institute of Textile Technology has started functioning in the current year at Madras and a sum of Rs 7 lakhs has been allotted for the construction of buildings in the present budget. Another new development of long-term significance is the establishment of an Institute of Commercial Practice in 1965–66. The institute will be further developed and to this end, a provision of Rs 4 lakhs has been made in budget estimates.

29. The rapid industrialisation that has taken place in the last decade has brought in its wake a large demand for skilled craftsmen. A large-scale programme for starting new industrial training institutes was launched in the last two Plan periods. There are now 30 Industrial Training Institutes in the State, with about 9,600 seats. It is proposed to step up the admission capacity in I.T.Is. further by about 10,000 during the Fourth Plan period. To start with, it is proposed to provide 3,000 additional seats in 1966–67 in the existing Industrial Training Institutes. A provision of Rs 52·00 lakhs has been made towards the State's share of the programme in the Plan for 1966–67.

General Education.

30. Our Plan accords equal importance to the development of material and human resources and from this point of view, the outlay on education is in fact in the nature of investment. Our progress in this sector in the last Plan period should be considered impressive by any standards. By the end of the current Plan period, enrolment in schools will be of the order of 92 per cent in the age-group 6—11, 49 per cent in the age-group 11—14 and nearly 31 per cent in the age-group 14—17. These achievements are substantially in excess of the national average. We have laid emphasis right through on the enrolment in particular of children from the poorer strata of society and have sought to remove progressively the various social and economic handicaps which have denied them access in the past to educational facilities. The implementation of the midday meal scheme, the expenditure on which in the next year will be nearly Rs 2 crores and supply of uniforms with public co-operation and support have helped in considerable measure the enrolment of children from under-privileged sections of society. As a further important step calculated to facilitate the attainment of cent per cent enrolment at the primary stage, we have included provision in the Fourth Plan for the supply of text-books, free of cost to all poor children. In the next year's budget which marks the beginning of the Fourth Plan, we propose to make a start with the supply of free text-books to all children in Classes I to III who have been admitted to the benefits of the midday meal scheme. This programme will no doubt entail a large and increasing commitment of a recurring nature, but it should be deemed to flow logically from our social and economic philosophy, with its accent on equality of opportunity. In next year's budget estimates we have provided for the enrolment of 3·5 lakhs additionally of children of the age-group 6—14 in elementary and higher elementary classes

31. The expansion of facilities for education at the elementary level has naturally brought in its wake demands for enlargement of the facilities at the secondary level. In fact, expansion at this level will hereafter claim a larger share of the resources ear-marked for development of education. The pioneering step we took two years ago to make education free up to the secondary stage has imparted, as anticipated, a great stimulus to progress in this field. The number of new high schools opened in the Third Plan is 983 and expenditure on secondary education has registered an increase from Rs 5·51 crores at the end of 1961–62 to Rs 13·18 crores in 1966–67. The budget estimates for next year seek to provide the necessary resources for additional enrolment of 80,000 children of the age-group 14—17. Government have also not over-looked the need to provide resources to the extent possible for improvement of facilities in regard to accommodation, laboratories and equipment at this level. An allotment of Rs 87 lakhs has been provided for construction of buildings for secondary schools. We have also made a special provision of Rs 8 lakhs for supply of furniture and equipment to the newly opened schools in the districts. Special mention should also be made of a provision of Rs 47 lakhs for construction of laboratory buildings and supply of scientific equipment to the high schools so as to enable them to improve the standards of instruction in science subjects. The Government have always recognized that the teacher is the centre of all educational programmes and that all steps should be taken within the resources available for improving the lot of the teacher. We have already brought about uniformity in scales of pay of teachers serving in different agencies. Government also now meet in full the commitments on account of the emoluments of teachers in aided

secondary schools. They have recently decided to meet from their own funds the contribution towards the provident fund of teachers serving in aided secondary schools. Madras has also been the first State in India to implement the triple scheme of retirement benefits for teachers, including, in particular, a scheme of pension supplementing the other benefits in the form of provident fund and insurance. With the increase in the quantum of minimum pension of Government servants to Rs 20 per mensem, there have been requests for similar increase in the pension of teachers also. I am glad to announce that the Government have decided to conede this request. With effect from April 1966 the minimum pension of teachers will be raised to Rs 20 per month. This will entail an additional expenditure of Rs 6·85 lakhs and provision has accordingly been made in the Budget Estimates for 1966–67.

Collegiate Education.

32. Expansion at secondary level has in its turn necessitated augmentation of facilities for collegiate education. At the end of 1965–66 we will have 93 colleges with facilities for admission of 45,000 students at the Pre-University classes. In the last two years in particular, Government have sanctioned the opening of a number of colleges in the mufassal as part of their policy of promoting a wide diffusion of facilities for higher education. Next year's budget estimates provide for the opening of six more Arts Colleges, most of which will be located in educationally backward areas. We have also earmarked suitable provision for construction of buildings for the newly started Arts Colleges.

Medical and Public Health.

33. Among the other programmes which render the Plan meaningful to the common man, schemes for improvement of public health are no doubt

significant. Apart from rural water-supply programmes, to which reference has already been made, we have pushed through a number of urban water-supply schemes in the current Plan period. The needs in this regard are no doubt very large in relation to our resources and even so we have endeavoured to make adequate provision for these programmes in the budget estimate for next year. Special mention should be made of the provision in the form of loans and grants of Rs 1,70 lakhs for the water-supply schemes of the Madras Corporation. For other urban water-supply schemes, a provision of Rs 1,70 lakhs has been made, of which a sum of Rs 20 lakhs has been earmarked for the Tuticorin Water-supply Scheme which has been designed, keeping in view the development of the region in the wake of the harbour scheme, now under execution. By far, the most significant achievement in the sphere of public health in the current Plan period has been the eradication of Malaria which till recently ranked as one of the major scourges of the country. This programme which has absorbed an outlay of Rs 4,47 lakhs in the Third Plan period is nearing successful completion. Experts have been of the view that a plan of action for the consolidation of the results already achieved should be drawn up with the Primary Health Centre as the focus at the block level. From this point of view, therefore, the establishment of Primary Health Centres which is even otherwise essential, acquires over-riding importance. We would have by the end of the current year 210 Primary Health Centres in position and in next year's Plan we have made a provision of Rs 61 lakhs for the setting up of 120 additional Primary Health Centres. The main difficulty in the establishment of Primary Health Centres has been not resources, but dearth of

doctors willing to serve in rural areas. This problem already difficult has been rendered more acute, with the diversion of a number of doctors to defence forces. An enduring solution to the problem of expansion of medical facilities in rural areas can therefore be found only through a vigorous programme of expansion of medical colleges. The progress we have made in this regard in 1965–66 is truly impressive. The admission capacity in our medical colleges has been stepped up in the current year from 700 to 936, with the opening of two medical colleges at Chingleput and Tirunelveli. The development of these two new medical colleges with adequate provision for buildings and equipment will be one of the crucial programmes for implementation next year, and a provision of Rs 63 lakhs has been made for this purpose in the Budget Estimate for 1966–67. The expansion of medical colleges now on the anvil also lends urgency to the long-felt need for establishment of a Post-Graduate Medical Institute in Madras. The University has already made a start in this regard with the setting up of a post-graduate institute for basic medical sciences with substantial assistance from the University Grants Commission. The State Government have extended assistance to the extent of Rs 12·50 lakhs to the University for this specific purpose. An Expert Committee has drawn up a scheme for the setting up of a post-graduate institute at a cost of nearly Rs 5 crores. This scheme, which will also entail substantial expenditure in foreign exchange, can be pushed through only as a Centrally-sponsored scheme and we hope that the Government of India will soon accord their approval for this scheme.

34. Though, in a production oriented plan of the kind we have visualised for 1966–67 building programmes have necessarily to be accorded lower

priority, we have made reasonable provision for construction of new buildings for hospitals and dispensaries. The budget estimates provide among other things, for construction of new hospital buildings at Pollachi, Chidambaram, Theni, Ambur and Tambaram.

Welfare of Backward Classes.

35. The welfare of Backward Classes has always been of special concern to Government. We have made a provision of Rs 5,30 lakhs in 1966–67 for schemes for the welfare of Scheduled Castes and Backward Classes, of which a sum of Rs 171 lakhs will figure as Plan outlay inclusive of Centrally-sponsored schemes and the rest as non-Plan outlay. Schemes for the educational advancement will as usual claim the bulk of the resources. A provision of Rs 1,48 lakhs has been made for award of scholarships. The provision for acquisition of house-sites for Harijans has also been stepped up and will be of the order of Rs 44 lakhs in 1966–67. It should also be remembered that provisions under this head are only intended to supplement the benefits accruing to members of these communities from general programmes of development in different fields such as Agriculture, Education, Health, Housing and Rural Water-supply. Government will continue to ensure that the weaker sections of the society get their legitimate share of the benefits under such schemes.

36. I now turn to an analysis of the basic figures which are of relevance in considering the present budget proposals.

37. The House will recall that the Revised Estimates for 1964–65 had envisaged a deficit on Revenue account of Rs 4,76 lakhs. There was however an appreciable improvement in actuals under various heads, resulting in a revenue surplus of

Rs 2,58 lakhs, which coming in the wake of sizable revenue deficits of previous years should be considered extremely satisfactory. There was an improvement of Rs 5·85 crores under receipts from State taxes, of which special mention should be made of larger realisations under General Sales Tax to the extent of a little over Rs 3 crores, Rs 61 lakhs under Central Sales Tax and Rs 33 lakhs under Motor Spirits Tax. The increase in receipts from sales tax is due, apart from the action taken to expedite assessments and realise arrears, to the energetic steps which the department had taken last year to check evasion. We hope that this buoyant trend in our sales tax revenues will be kept up, because sales tax has now become the principal prop of State finances. There was also an improvement of Rs 15 lakhs under Entertainment Tax, though the benefit of this will largely accrue to the local bodies. The realisation under Stamps was Rs 1,29 lakhs more than anticipated, but part of this improvement is due to non-adjustment in Government's accounts before the close of the financial year of the share of the local bodies. We also secured by way of grants-in-aid from the Central Government for Plan and non-Plan Schemes Rs 1,14 lakhs more than we had taken credit for. Non-tax revenues also revealed an improvement of Rs 1,12 lakhs, of which special mention should be made of an additional revenue of Rs 68 lakhs secured from Forests, from sale of timber and other produce. There was also an improvement to the extent of Rs 78 lakhs from Industries including Cinchona. These improvements were partly offset by reductions under certain other heads such as Interest.

Revenue Expenditure.

38. As regards expenditure on Revenue account, there was an increase of Rs 77 lakhs under developmental expenditure, which however was more than

offset by a sharp decline in non-developmental expenditure to the extent of Rs 1,28 lakhs. In regard to capital expenditure, there was an increase of Rs 39 lakhs under Irrigation reflecting the tempo of execution of Parambikulam-Aliyar Project and Special Minor Irrigation Programmes. An increase of Rs 63 lakhs occurring under "Industrial Development" is linked with larger contribution towards share capital of co-operative institutions. The net outgo under State Trading Schemes was of the order of only Rs 2·95 crores and was thus far less than anticipated. This is due partly to the non-adjustment within the financial year of Rs 2,61 lakhs towards the value of fertilisers supplied to the State Government by Government of India and more significantly to smaller build up of stocks of foodgrains than had been provided for in the budget estimate by way of abundant caution. Correspondingly there was also no need for us to seek special loan assistance from the Government of India for grain purchase transactions as had been originally visualised. Under Deposit heads too there was an improvement of about Rs 2 crores and the year closed with a cash balance of Rs 7,35 lakhs, with a ways and means advance of Rs 3,10 lakhs or an effective closing cash balance of Rs 4,25 lakhs. The ways and means position in the last year should be deemed to be quite satisfactory on the whole.

Revised Estimates.

39. In my last Budget Speech, I had estimated that the expenditure in the current year on Revenue account would be Rs 1,70·60 crores and receipts Rs 1,63·63 crores, resulting in a revenue deficit of Rs 6·97 crores. The House will recall that since then, in June last, we had sanctioned a further increase in dearness allowance to employees of State Government, local bodies and teachers in aided institutions,

There have also been other increases in expenditure relating however mostly to developmental heads. These increases in expenditure have been partly offset by reductions effected under items like travelling allowances and contingencies and certain other programmes in the wake of the National emergency. Difficulties in obtaining foreign exchange and delays in land acquisition may also lead to a shortfall in expenditure under certain heads. We should also take note of increased receipts including those from additional taxation measures which the House had accepted in November last. Making allowance for all these changes, I have placed the receipts in the revised estimates at Rs 1,64·91 crores and revenue expenditure at Rs 1,72·78 crores, revealing a deficit of Rs 7·87 crores. We now anticipate an improvement of Rs 5·0 crores under receipts from State taxes, the principal increases occurring mostly under General Sales Tax (Rs 3·66 crores), Central Sales Tax (Rs 40 lakhs), Motor Spirits Tax (Rs 45 lakhs) and Stamps (Rs 82 lakhs). These increases are partially offset by reduction of Rs 65 lakhs under land revenue reflecting a shortfall in realisation from water cess in certain project areas such as the Lower Bhavani, where water has not been made available for irrigation due to poor storage. There is also a decline of nearly Rs 1 crore under our share of Central Taxes due to the revised estimates now intimated by the Government of India being lower than what we had assumed in January last, when the budget estimates for the current year were fixed.

40. The poor storage in hydel reservoirs has had an adverse effect on the net earnings of the State Electricity Board. In consequence, we are likely to get

only about Rs 5·91 crores as interest from State Electricity Board against Rs 8·49 crores we had taken credit for. The receipts from State Transport Service are also now placed at Rs 58 lakhs less than the budget estimate in the light of trends in the current year. Due to the formation of the Small Industries Corporation and the transfer of many production units to the Corporation with effect from 1st December, there is an apparent decline in receipts from industries, as the sale-proceeds of the industrial units will not hereafter enter the revenue account of the State Government.

41. Turning now to expenditure on Revenue account, the lumpsum provision originally made under " 71. Miscellaneous " towards increase in dearness allowance has now been distributed in the revised estimates under the various heads of account. There is thus a reapportionment of the additional expenditure on dearness allowance between developmental heads and non-developmental heads, which the House may kindly bear in mind in assessing the variations in expenditure between the budget estimates and revised estimates. Apart from an increase of Rs 105 lakhs under Police, which is due in part to increase in dearness allowance and in part to the measures we had taken for the strengthening of the Armed Reserves and for increasing in general the mobility of the Police Force, the other significant increases occur mostly under developmental programmes like Animal Husbandry (Rs 61 lakhs), Rural Manpower Programme (Rs 37 lakhs), Craftsmen Training Scheme (Rs 44 lakhs). Under Capital account, special mention should be made of an increase of the order of Rs 36 lakhs under Irrigation (Non-Commercial), due to the stepping up of the pace of

execution of special minor irrigation programme. The increase of Rs 1,00 lakhs occurring under Capital Outlay on Public Works is due to larger outlays on building programmes connected with the Plan, such as the new medical colleges at Chingleput and Tirunelveli, the Agricultural College at Madurai and various other small schemes connected with Crash Programmes in departments like Fisheries and Animal Husbandry. Leaving out the Capital Outlay on Schemes of Government Trading, which I shall deal with separately, Capital Outlay on other programmes in the revised estimates is of the order of only Rs 23·86 crores, against the comparable provision of Rs 24·28 crores in the budget estimates. The decrease is only apparent and not real. The value of the assets of the various small-scale industrial units transferred to the Small Industries Corporation in December last, estimated at Rs 6·69 crores, which in accordance with budgetary conventions is to be treated as capital receipts, is set off against the expenditure under Capital Outlay on Industrial Development. Of the value of the assets transferred to the Corporation, a sum of only Rs 4 crores, treated as share capital contribution, has been booked as an outgo under Capital Outlay on Industrial Development, the balance being treated as loan to the Corporation. The result is that against the budget provision of Rs 1,58 lakhs under Capital Outlay on Industrial Development, the figure in Revised Estimates is Rs — 81 lakhs. Also, stocks of pipes procured for various urban water-supply schemes are now proposed to be drawn on in a larger measure than anticipated for schemes under execution with the result that the provision for Capital Outlay on Improvement of Public Health turns out to be

Rs —43 lakhs in revised estimates, against the original provision of Rs + 15 lakhs in the budget estimates.

42. The House is aware that the Government have embarked since October 1964 on a programme of procurement of foodgrains on a large scale with a view to ensure the smooth flow of essential supplies to the urban areas and other deficit pockets. The outlay on the programme of procurement will reach its peak by the end of March in the current year and thereafter there will be a gradual drawal on these stocks in the lean months. It is difficult to forecast the trends in procurement and distribution with the same degree of accuracy as under other heads of account. We anticipate that the value of foodgrains in stock as at the end of March 1966 may well be of the order of Rs 25 crores. This large-scale procurement programme, which is of vital importance for the life of the community, has cast serious strain on the Government's ways and means position in the current year. We have taken the view that the finances required for implementing the procurement programme in accordance with national policy should not impinge on other developmental programme of the State Government and that these operations should therefore be appropriately financed by commercial credit of a self-liquidating nature. The budget estimates have been fixed on the basis that such credit would be forthcoming for the scheme of State Trading in adequate measure. The substantial increase under capital heads in the revised estimates at Rs 47·04 crores against Rs 29·05 crores in the budget estimates thus reflects mostly the impact of the procurement programme of the State Government.

Budget Estimates.

43. The Budget for 1966-67 estimates the receipts at Rs 1,88·72 crores on Revenue account and expenditure at Rs 1,88·41 crores, resulting in a small surplus of Rs 31 lakhs. The wiping out of the large revenue deficit of the current year is due to the devolution of additional resources to the State Government in the wake of the recommendations of the Finance Commission and measures for additional taxation accepted by this House in November last. The budget estimates provide for a reasonable measure of growth under all important State taxes of an elastic nature like General Sales Tax, Central Sales Tax and Motor Vehicles Tax. These increases will materialise only to the extent to which the difficulties which our economy is currently facing, particuarly in the sphere of industrial production caused by power cut and shortage of raw materials and components are overcome soon. From this point of view, the successful fulfilment of the production programmes of the Plan, both in State and Central sectors, acquire special significance. On the expenditure side, the budget estimate, apart from providing for all the Plan schemes which I had referred to at length earlier, provides for all reasonable requirements of maintenance expenditure.

44. There will be continuing need for the utmost fiscal discipline in spite of the marginal revenue surplus, for our ways and means position will present difficulties in view of the scale of developmental programmes we have undertaken to perform. The recent increase in the rates of dearness allowance of employees of Central Government has also raised the question of a similar increase in dearness allowance for employees of State Government. The State Government are examining the question and the decision when taken

will make a large demand on our resources. The House is aware that successive increases in dearness allowance have entailed additional expenditure of the order of Rs 25 crores over the Third Plan period. The view is gaining ground that increase in dearness allowance is not the best form in which rise in cost of living could be neutralised, for every increase in dearness allowance leads generally to a fresh spurt in prices. Further, as I pointed out recently at the meeting of the Tripartite Standing Committee for Labour, increase in dearness allowance and the resultant rise in prices aggravate the hardships of other low income groups, who do not have the benefit of such adjustments in rates of dearness allowance. In a planned economy, with its constant pressure on prices, the only lasting solution may be to develop in a big way Consumers' Co-operatives with their own purchase organizations which can procure essential articles at source and distribute them at a fair price, thus eliminating the impact of speculative forces. As I also suggested at the meeting of the Standing Labour Committee, the prices of foodgrains may have to be subsidised at least partially. The whole problem of evolving a suitable alternative for the present scheme of dearness allowance for fixed income groups in private and public sector merits careful study by experts.

45. The major effort awaiting us next year will be the finalisation of the Fourth Plan on the broad lines indicated in the outline already placed on the table of the House. While the programmes as indicated in the outline may undergo some modifications in the light of the foreign exchange position, we hope that it will be possible for us to preserve the essentials of the Plan and attain the rate of growth we have visualised. Central assistance for the State's Plan will be of Fourth Plan

crucial significance in determining its size and we have no doubt that in taking a view on the scale of assistance for the Plan, the Planning Commission will endeavour to help those States which have done their best in mobilising resources for the Plan and in utilising them fruitfully.

onomy in lminis-ation.

46. Whatever be the scale of Central assistance, it is clear that a Plan of the magnitude we have undertaken to perform will call for the utmost restraint in public and private spending. From this point of view, economy in administrative expenditure assumes paramount importance. No doubt, a substantial part of the increase in expenditure is on categories such as teachers, doctors, nurses and agricultural extension officers and is thus inextricably linked with expansion of developmental programmes. A sizable part of the increase is also due to revision of scales of pay and successive increases in rates of dearness allowance. By and large we have followed a prudent policy in regard to appointment of additional staff, particularly for purposes not connected with the Plan. Even so, there is need for a comprehensive review of the growth in establishments in different departments, with a view to explore possibilities for economy. It is with this end in view that we have set up a High Power Committee on Economy and Administrative Reorganization. By the very nature of its work covering all departments including autonomous bodies, the Committee will naturally take time to complete its labours. But I would even at this stage like to indicate to the House our general approach to the problem briefly. The complaint is often heard that many departments of Government carry larger staff than necessary, particularly at lower levels and that apart from entailing considerable cost, the present

pyramidal set up impedes decisions being taken quickly. It has been suggested that administration should become officer-oriented so that the process of taking decisions may be expedited and costs kept down. While the implications of such a system will have to be examined with care with reference to the nature of work in each department, the Government have decided that such a scheme could be tried on an experimental basis in a few departments in the Secretariat. In the light of the results of the experiment, the system could be extended to cover other departments in due course. The system will no doubt call for an increase in the number of officers at higher level. But the additional cost on this account will be more than offset by reduction in the lower ranks, apart from helping to expedite disposals. Criticism is also voiced often that compared to the private sector, Government offices carry a larger number of supporting staff such as Last Grade Government Servants who do not directly contribute to the despatch of business. The criticism is not quite valid, as the nature of work in Government offices differs materially from that in private offices. But even so, the Committee has felt that there is scope for a revision of the norms for employment of peons in Government offices. The revised norms will be so implemented as not to cause hardship to those already employed. District-wide list of persons rendered surplus will be kept and surplus personnel will be fitted in new posts created in growing departments such as Civil Supplies. When the existing strength of staff of Last Grade Government Servants is redeployed according to the norms, there may eventually be a saving of about Rs 20 lakhs per annum.

47. In almost every field of development construction costs account for a substantial proportion of the total expenditure. Construction of buildings is an

integral part of our programmes under Education, Medical and Public Health, etc. If we could effect a reduction in costs of construction even by a small percentage, the resultant savings would be considerable and would ease appreciably the resources position for the Fourth Plan. From this stand point, the Committee has found it necessary to propose a review of standards and specifications with a view to evolve cheap designs consistent with structural efficiency and functional needs. There is also need to streamline the present procedure for preparation, scrutiny and sanction of estimates. The view has often been expressed that if the procedures for award of contracts and payment for work done could be simplified, it may be possible to bring down the rates quoted by contractors. The High Power Committee has felt that all these important aspects of the problem of economy in construction should be studied by a separate sub-committee with which senior engineers under Government as well as a few experts from outside could be associated.

48. The Committee has also taken some specific decisions which should be of interest to the House. As the Honourable Members are aware, our total revenue on the average of about Rs 1,40 lakhs per annum from Agricultural Income Tax, agricultural income other than that from plantations accounts for only Rs 50 lakhs. The total cost of establishment for the department is about Rs 15 lakhs of which the expenditure attributable to the staff attending to non-plantation income is nearly Rs 12 lakhs. The agricultural income tax on land holders other than planters is not appreciable partly because the size of holdings is small and partly because we have with a view to prevent harassment of ryots provided for a scheme of

composition at flat rates. The Government have now decided that orders of composition once passed could be made effective except under certain circumstances for three years with option, however to the assessee to file a return if he so chooses. With this important change, the number of cases to be dealt with by the Agricultural Income Tax Officers in respect of non-plantation income will register a significant reduction. The Government have therefore felt that there is no need for a separate set of officers for dealing with agricultural income outside the plantation areas and that the work could in most cases be attended to by the regular revenue staff. This decision when fully implemented will result in a saving up to Rs 10 lakhs.

49. The Committee has also felt that there may be no need for a separate department of Weights and Measures and that the work of this department at the field level consisting largely of verification of weights and measures with various shopkeepers could well be attended to through the Labour Inspectors who have in any case to make an intensive check of shops and establishments. The implications of such a transfer are being examined in greater detail. The Commissioner of Labour with some additional staff at headquarters and with some increase in the number of Labour Inspectors could take over the work now looked after by the Controller of Weights and Measures. There may be some increase in capital expenditure in view of the need to procure additional sets of weights and measures for the Labour Inspectors. But taking the cost of establishment in both the Labour Department and Weights and Measures Department together, there may be a saving of Rs 4 lakhs per year. The Committee will explore possibilities of economy on similar lines in other areas of administration, and will

endeavour to effect a saving of about Rs 1 crore or so in administration. I welcome concrete suggestions from Honourable Members for effecting economy in administration.

Reorganisation of Departments.

50. Economy does not mean merely reduction in expenditure. It is really part of the larger problem of efficient and rational organization of men and materials so as to get the best results for the money spent. Reorganization of departments is therefore an integral part of the Committee's work. To start with, the Committee has studied the set up of Medical and Public Health Departments and has felt that a programme of integration of the two departments as stressed by various expert committees, should be put through. In taking this decision the Committee has been influenced largely by the consideration that the efficient organization of curative and preventive services in rural areas with the Primary Health Centre as the focus can be ensured only if the two departments are merged. The Family Planning Programme, to which we attach great importance, can also be successfully implemented, only if there is unified direction and guidance. In view of the increase in the number of medical colleges, the University has had occasion to urge the establishment of a separate Directorate for Medical Education. We have already sanctioned a post of Additional Director of Medical Services to look after medical education and he deals with all problems relating to medical education more or less independently. Keeping these trends in view, the Committee has felt that simultaneously with the merger of Medical and Public Health Departments, medical colleges with the teaching hospitals attached

thereto should be separated and placed in independent charge of a Director of Medical Education. Details for reorganization of Medical and Public Health Departments on these lines are being worked out.

51. Economy and efficiency should indeed be our watchword as we prepare ourselves for the tasks we face in the Fourth Plan period. There can be no going back on the process of growth we have intiated, for a faster rate of growth is the only answer to the many problems which confront us. If we can rekindle in our people the same sense of unity and determination which they so spontaneously displayed in meeting the external threat a short while ago, it should not be difficult for us to overcome the problems facing us and march towards the goal of economic self-reliance. I have no doubt that a general awareness of the need for such unity and determination will emerge from the discussions on the budget estimates, which I now commend for the acceptance of this House. Conclusion.

MADRAS,
26*th February* 1966.

M. BHAKTAVATSALAM,
Chief Minister.